

Message Text

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70

ORIGIN NEA-12

INFO OCT-01 ADP-00 PM-07 AID-20 EB-11 TRSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 SS-15 NSC-10 SSO-00 NSCE-00

INRE-00 XMB-07 OMB-01 IGA-02 L-03 EUR-25 MC-02 H-02

/129 R

DRAFTED BY NEA/ ARP: GQLUMSDEN, JR: EMP

6/9/73 22647

APPROVED BY NEA/ ARP: FMDICKMAN

PM/ MAS: DFARNHAM (INFO)

OD/ ISA/ NESA: JTIMBERLAKE

EXIM: JLENTZ

DOD/ DSAA: MALINKOWSKI

----- 049462

O R 091808 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT IMMEDIATE

INFO SECDEF WASHDC

CNO

USCINCEUR

C O N F I D E N T I A L STATE 112118

E. O. 11652: GDS

TAGS: MASS, KU

SUBJ: MILITARY SALES: KUWAIT DEFENSE PURCHASES

REF : (A) KUWAIT 1950; (B) KUWAIT 1893

1. RE CREDIT ARRANGEMENTS: AS YOU KNOW, FMS CREDITS NOT RPT NOT AVAILABLE, AND WE WOULD PREFER DOD TEAM'S ABSTAINING FROM CREDIT DISCUSSIONS WITH KUWAITIS. SUDDARTH IS CARRYING DRAFT OF SUGGESTED GOK INITIAL APPLICATION FOR CREDIT (UP TO DOLS 50 MILLION DIRECT EX- IM LOAN OUT OF UP TO FIRST DOLS 100 MILLION PURCHASED) WHICH HAS BEEN CLEARED WITH EXIM AND WHICH AMBASSADOR MAY SUGGEST TO KUWAITIS IF RPT IF IN HIS JUDGMENT AVAILABILITY EXIM
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CREDIT CONSTITUTES ESSENTIAL ELEMENT IN EFFORTS TO GET GOK SIGNATURES ON LETTERS OF OFFER. AMOUNT COVERED BY APPLICATION -- WHICH IN FORM ATEEQI TO KEARNS LETTER -- IS FOR INITIAL TRANCHE GOK PURCHASES AND MUST RPT MUST BE APPROVED BY EXIM BOARD PRIOR JULY 1 AND NEW FISCAL YEAR. TO ALLOW ADEQUATE TIME FOR PROCESSING IN WASHINGTON, WE SHOULD HAVE IT BY JUNE 20. IF SIGNED BY ATEEQI, TEXT SHOULD BE TRANSMITTED IN CABLE FORM BY EMBASSY TO DEPARTMENT AND EXIM. BEGIN FYI: ON JUNE 6, HENRY KEARNS BRIEFED SHAYKH SALEM REGARDING POSSIBLE CREDIT ARRANGEMENTS. EXIM PRESIDENT DID NOT AT THAT TIME MENTION DOLS 50 MILLION FIGURE, BUT HE DID EXPLAIN THAT ANY MONEY LOANED BY EX- IM ON ITS 50/50 FINANCING PLAN WOULD BE AT SIX PERCENT FOR SEVEN YEARS FOR EX- IM FINANCED PORTION, AND AT COMMERCIAL RATES FOR THAT PORTION OF REMAINDER FOR WHICH PRIVATE FINANCING WOULD BE SOUGHT. WE REALIZE KUWAITIS HAVE GOTTEN FIVE AND ONE HALF PERCENT ON PAST ARMS DEALS WITH BRITISH. HOWEVER, WITH SHORT TIME REMAINING BEFORE JUNE 20, DRAFT APPLICATION WITH SUDDARTH SEEKS AVOID HANG- UP ON THIS ISSUE AND DOES NOT RPT NOT MENTION RATE OF INTEREST. END FYI.

2. RE PARA 3 REFTEL (B): REPRESENTATIVE SELECTION TRAINING BROCHURES WILL BE POUCHED.

3. RE PARA 4 REFTEL (B): AS REPORTED PARA 2 CNO 072142 Z, CLUSTER BOMB -- AS WELL AS SHRIKE AND ROCKEYE II -- VERY SENSITIVE. TEAM SHOULD NOT RPT NOT RAISE GOK HOPES REGARDING ITEMS SUCH AS THESE, WHICH WE ARE QUITE UNLIKELY TO BE ABLE TO PROVIDE.

4. REGARDING US PRESENCE AND SOFA: SUDDARTH CARRYING SEVERAL ILLUSTRATIVE AGREEMENTS FOR EMBASSY BACKGROUND. THEY CONSTITUTE VARIETY OF CONCEPTUAL APPROACHES TO QUESTION OF US MILITARY PRESENCE, AND WE WOULD WISH EMBASSY REVIEW AND COMMENT. CURRENT CONGRESS- IMPOSED MORATORIUM ON ESTABLISHMENT OF MAAGS MAKES THIS AN UNLIKELY OPTION, AND MAAG DATA HAS NOT RPT NOT BEEN INCLUDED.

5. DEFENSE CONCURS.
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RUSH

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NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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